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On Newark Bay, Justice and Health Hinge on Exxon Deal

By BOB HENNELLY

April 30, 2015

By early morning light, the view of Newark Bay from the northern shore of Staten Island is one of awesome natural beauty. The wide open expanse of water and coastal marsh grasses sway under an infinite blue sky in which maritime birds do an air ballet. The City of Newark, for which the Bay is named, glistens in the distance several miles away like OZ. In the foreground, a tug towing an oil barge slides by on chilly spring water while a phalanx of giant cargo container cranes stands at attention.

This portion of Staten Island's waterfront is a patch of blighted public access off Richmond Terrace. Old barrels are mired in a muck that holds decades of flotsam and jetsam as well as the ruins of abandoned docks and decrepit barges. A dark metal sign marked Public Health Advisory warns: "Pregnant women, women of childbearing age, and children under 15 should not eat fish or eels caught in these waters."

Thanks to the migration of much of the region's heavy manufacturing overseas, and tens of billions of dollars invested in sewage treatment by both states, overall water quality has improved in the bi-state estuary of which Newark Bay is part. The increase in the presence of dissolved oxygen in the water has helped marine life rebound. Even the bald eagle is reported to have made a comeback here.

But both state's have fish advisories and consumption bans in place for good reason. For well over 100 years before the passage of the 1972 Federal Clean Water Act, industries dumped chemicals and solvents into the waterways and wetlands because that was just how business was done. Today, managing the run-off from scores of legacy Superfund sites on the banks of the bay remains a major challenge. Companies still legally discharge millions of pounds of chemicals into Newark Bay and its major tributaries under state and federal permits.

Newark Bay is at the center of the controversial proposed deal between the state of New Jersey and the Exxon Corporation to settle for a mere \$225 million claims for nearly \$9 billion in natural resource damage claims stemming from the oil giant's operation of their Bayonne and the Bayway sites going back almost a century. The deal, which is currently the subject of a public comment period that ends in early June, also includes 16 unrelated Exxon sites around New Jersey as well as several hundred gas stations.

Critics say the deal lets Exxon off too cheap. The Christie administration counters that it's the largest natural resource damage (NRD) payout in state history and, if approved, will bring an

end to lengthy and costly litigation. And Governor Chris Christie's administration has also noted the settlement is what Exxon must pay in addition to clean-up costs for the sites, which Exxon says already exceed \$260 million.

But there's disagreement about exactly what constitutes an adequate "clean-up" of the area. Beyond that, environmental advocates and community members on both sides of Newark Bay are concerned that no matter what the total amount of the NRD settlement ultimately is, only a fraction of it will actually be used to address the environment. Last year the Christie administration diverted \$140 million from a \$190 million settlement in an NRD case involving the massive contamination of the Passaic River to balance the state budget, leaving just \$50 million to actually deal with environmental issues. In Christie's proposed budget for next year he has plans to do the same thing with the proposed Exxon deal.

For Newark Bay, the questions people have asked about the Exxon deal—about the overall size of the settlement, about how it will be used—are crucial to a body of water that links low-income communities in two states, and connects an area's maritime past to its post-industrial present. Some see in the settlement a chance for a future where proximity to the bay is seen as an asset, not a threat.

A fishery, then a dump

The Bay is a bi-state tidal estuary that's five and a half miles long and between six-tenths to over one mile wide in places. Both New Jersey's Hackensack and Passaic Rivers flow into it. The Bay is linked to the Upper New York Bay by the Kill Van Kull to the south east and connected to the Raritan Bay via the Arthur Kill to the southwest. On its western shore Newark Bay includes the cities of Newark and Elizabeth and on the east side Jersey City and Bayonne. To the south its roughly rectangular shape is framed by the northern shore of Staten Island.

It was once part of one of the richest fisheries in the world. Into the 19th century, the region prided itself on an oyster harvest that employed several hundred families and provided affordable protein for generations. Before there were hot-dog stands there were oyster carts. These days Newark Bay is a surreal mix of sanctuary for well over a hundred different bird species and a maritime super-highway over which ships carry hundreds of billions of dollars worth of cargo ranging from imported beer to petrochemicals.

From colonial times to the 20th century both New Jersey and New York saw wetlands and coastal marshlands as a threat to the public health and the source of mosquito-borne illness. As a result it was government policy to see filling wetlands as both an economic development tool to create tax-yielding, profit-producing real estate and a way to protect the public health.

As a consequence, according to the The State of the Estuary 2012, published by the New York-New Jersey Harbor Estuary Program, the region "lost the vast majority of wetlands that were present when the Dutch began colonizing the area. Roughly 80 square miles, or 85 percent, of the coastal wetlands that existed in the 1800s have been filled or drained."

In both New Jersey and New York, the value placed on wetlands was so low that both states saw them as places to dump massive quantities of residential and commercial solid waste. Both the landfills in the Jersey Meadowlands and New York City's Fresh Kills landfill on Staten Island were sited on what had once been salt-water marshes, fresh-water wetlands or tidal wetlands. Generations of garbage dumping turned them into environmental blights visible from space. Illegal dumping was widespread and remains a problem for both states.

"When people filled in these wetlands they lost storm-water storage but they also covered it with impervious surfaces which sends pollution directly into the harbor," says Christopher Len, staff attorney with the NY NJ Baykeeper.

With the 1972 passage of the Clean Water Act, the tide began to turn for wetlands and marshes as scientists linked their preservation with improving water quality and natural habitat while providing cost-effective flood control. "Each acre of wetlands can hold one million gallons of water," says Jeff Tittel, of New Jersey's Sierra Club.

Life by the bay

Today the Newark Bay and its major tributaries host not just the bulk of the region's maritime cargo-handling facilities, but also refineries, chemical plants, sewage treatment plants and some of the most toxic Superfund sites in the nation. In and around these facilities and hot spots close to one million people make their home in communities along the Newark Bay bi-state waterfront.

Despite advisories, people from both states continue to do subsistence fishing. "They're fishing because they are poor or there is a language barrier, or they don't believe the sign," says Michael Edelstein, an environmental psychologist and a professor at Ramapo College.

U.S. Census data indicates these communities are made up of people of color with a substantial percentage of new immigrants: mostly Spanish-speaking arrivals getting their first foothold here in the United States. The Bay is far from the only health hazard nearby: These communities host heavy industry and are also at the heart of the region's cargo-handling choke-point. As a consequence they bear the brunt of both point-source and ambient air pollution that is tracked by both state and Federal regulators. Public health data indicates that just three of the counties in New Jersey on the Newark Bay complex account for a third of the hospitalizations for asthma in the state. According to the EPA data, the neighborhoods around Newark Bay—in both states—have historically displayed higher incidence of cancers.

In Linden, N.J. on the Arthur Kill, part of the Newark Bay complex, Phillips 66 operates the massive Bayway refinery that was established by Standard Oil's John D. Rockefeller in 1907. Last year Environment New Jersey reported that based on 2012 data from the U.S. Environmental Protection Agency the plant discharged over two million pounds of two dozen different chemicals like xylene and toluene into a creek which runs into the Arthur Kill. "This is not a crime. It is permitted pollution," says Doug O'Malley with Environment New Jersey. "It is egregious but it is the letter of the law."

Experts caution about drawing any direct causal link between public health data and particular facilities or toxic hot spots, but patterns of health care disparities and outcomes along socio-economic lines have been well-documented.

Edelstein, one of the nation's leading experts on communities that have to grapple with the ambiguities and uncertainties environmental contamination brings, says it simply: "If you're a rich person living in a contaminated home you just move. You have options." But those with lower incomes have less flexibility. "It is not just that you are exposed to a particular environmental hazard. It is that your choice of where to live is constrained as is your ability to control what's allowed to happen around you."

A community steps up

Ana Baptista, an assistant professor of environmental policy and sustainability at the New School, grew up on the Newark side of the Newark Bay in that city's Ironbound section. For several years she led the Ironbound Community Corporation's fight to get the state and federal governments to address the notorious Diamond Alkali site on the Passaic River where Agent Orange was manufactured.

The site received Superfund designation in 1984. In addition to some of the highest levels of dioxin ever discovered, investigators found the lower Passaic, which flows directly into Newark Bay, had been heavily contaminated by PCBs, mercury, DDT, pesticides, and heavy metals. Seventy potential responsible parties were identified. Finally last spring, after 30 years of study and negotiations, the EPA announced a plan to dredge and remove 4.3 million cubic yards of contaminated sediment in the lower portion of the Passaic.

Baptista says that any meaningful natural resource damage assessment like the one being undertaken for Exxon should also take a closer look at the impact of toxic contamination on public health.

"How can you do a natural damage assessment without looking at the public health issues raised by chronic exposure to the toxic sites?" asks Baptista. "The communities most impacted are often benefiting the least from the economic activity that generates the pollution."

Baptista says one of the biggest challenges in getting a local community to advocate for their environment is that the legacy of toxic contamination causes people to fear the very natural features that the public trust doctrine maintains should be theirs to enjoy. "Growing up I saw the water as a space to fear, to stay away from its pollution," she says. "A lot of people grew up without knowing they were growing up near water because the industrial uses cut off our view of it."

"We stripped Newark Bay from its status as a natural system, like a river, and turned into a channel by which we do commerce," she adds. "As a result, in the collective public imagination, we have lost the reality that it was once a functioning ecological system that sustained life."

When Sandy hit a Newark Bay denuded of much of its wetlands and marshes, the surge jumped its banks with such ferocity it destroyed well over 10,000 new cars worth \$400 million that were parked at the Port Authority of NY and NJ's cargo facility, took out the motors that power the Port's massive cargo container cranes and caused the Passaic Valley Sewerage Commission's plant to fail, sending untreated human waste into the bi-state estuary for weeks. Even the Bayway refinery in Linden, which Exxon sold off years ago, was knocked off-line, further exacerbating a fuel crisis that prompted fuel rationing.

Baptista says that for Ironbound residents, Sandy meant wading through a toxic cocktail of raw sewage, Superfund contamination, and hazardous chemicals from active industries that were themselves inundated by Sandy. "We didn't even have a basic inventory of what industries lost control of their sites from Sandy," says Baptista. "Days after the storm we were asking, 'What's going on with the paint factory or the soap plant.'"

The view from Staten Island

Just a block in from the Staten Island north shore access point to Newark Bay off Richmond Terrace the small residential lots are a marked contrast to the garbage-strewn and industrialized shore line. Each residential lot is meticulously maintained and manicured. In one yard, baby arugula sprouts from hand tilled soil. Tulips, magnolias and dogwoods burst with brilliant color on another plot.

Beryl Thurman, who leads the North Shore Waterfront Conservancy of Staten Island, says her community is grappling with the same issues of environmental justice that activists at the Ironbound Community Corporation have been confronting for decades. And as in Ironbound, residents turned away from their connection to the water. "We started doing waterfront clean-ups from 2000 to 2008. We would invite the community to clean up city-owned waterfront and when the students would come I'd point out to the waterbody and ask 'What's the name of that waterbody?'" recalls Thurman. No one knew. "They had never been there before."

Thurman says this lack of community familiarity with the natural features that surround it poses a real challenge in the face of something like an extreme weather event like Sandy where reaction time is of the essence: "When Mayor Bloomberg said 'If you're in Zone A, evacuate,' we had no frame of reference. We had no idea what he was talking about."

Her organization has tried to reestablish the link between the neighborhood and the water nearby. "We started cutting down the overgrowth so the residents could see the waterfront. Manufacturers and other businesses had put up metal walls so we could not see our waterfront." But more needs to be done, and for Thurman, it's only logical to have a company like Exxon fund the preservation and restoration of wetlands and coastal marshes for Newark Bay that will benefit both states.

Not a 'clean-up' but a restoration

Molly Greenberg, ICC's environmental policy manager, is concerned that just as in the case of the NRD settlement for the Passaic River, the Christie Administration will divert most of the Exxon money away from repairing the very environmental damage the state alleged in court in the first place. "The communities that have been violated by these facilities and industries using these terrible practices that went unregulated for a time are the ones that deserve the recovery," says Greenberg. Baptista says she wants to see a settlement with Exxon that's big enough to restore the Newark Bay's wetland and marshes so that these natural systems can help coastal neighborhoods withstand sea-level rise and the next Sandy.

The controversy over the proposed settlement actually encompasses three points of contention. One is whether Governor Christie should be able to divert the proceeds of the (NRD) settlement to balance his budget as opposed to redress the actual environmental claims the state raised in court against Exxon. Another is, how rigorous is the state going to be with Exxon on the clean-up of the sites where they operated? And finally, what's a fair compensation in the form of natural resource damages to be paid for the decades of ecological destruction wrought by Exxon?

The actual site clean-up is its own negotiation between the state regulators and Exxon. Study and technical reviews are underway, but options range from capping the contamination in place and paving it over to a more invasive and costly approach that would include removing the contamination and restoring the area to as close to its pre-existing natural character as possible.

Proponents of the cap-and-pave approach will argue that less risk is posed to the public and the environment by leaving the contamination in place. Environmentalists will counter that as long as the material remains on site there is the risk it will continue to migrate off site and into the water. Cap-and-pave opponents also say the increase in impervious cover that comes with the cap-and-pave strategy makes the coastal site more vulnerable to flooding.

What price on public water?

The final issue—the size of the settlement for natural resource destruction—is a dollar-and-cents beast with a philosophical heart: the public trust doctrine. This principle, which has roots in Roman law, maintains that natural resources, like the air, rivers, coastlines, marine life, animal life, as well as coastal wetlands and marshes, cannot be privately held but rather are held in trust for the public by the state. Under the doctrine, when a private entity like Exxon degrades or destroys the public's natural resources, the company must compensate the public for the loss of the use of them. The question is, what value do you assign to that loss?

The Exxon NRD settlement is still a proposal and subject to a public comment period that runs through the beginning of June. Once the public comment period is closed the state's Department of Environmental Protection will make a report to the judge overseeing the case. Even if the judge signs off on the settlement opponents have recourse to appeal the settlement in the state's courts. Senate President Stephen Sweeney and Senator Ray Lesniak, both Democrats, have vowed to do that should the settlement win judicial approval.

The bi-state nature of the estuary involved has prompted Mayor Bill de Blasio, Public Advocate Letitia James and members of the New York City Council to question whether the proposed settlement is too low to fund the kind of ecological restoration that's needed and required in an era of rising sea levels and Sandy like storms that threaten both states.

In New Jersey's \$9 billion dollar claim against Exxon, the state's consultants said that between its Bayonne and Bayway (Linden) sites Exxon had destroyed 1,700 acres of wetlands. The state's experts estimated that, working within the limits of the existing industrial land use on both sites, for \$2.5 billion it would be possible to restore 25 acres of tidal wetlands at Bayonne and 464 acres of tidal wetlands at the Bayway site.

But the consultants concluded that the accumulated impact of Exxon's pollution was so severe that additional compensation was in order, and that it should be applied region wide. "Additional off-site replacement is necessary to compensate for the decades of harm at the two facilities and because portions of the refinery sites cannot be restored. Approximately 11,000 acres of intertidal salt marsh, 19,000 acres of palustrine meadow/forest, and 3,400 acres of upland meadow/forest must be replaced to compensate for this harm. The cost of this replacement is \$6.4 billion," the Stratus Consultant group determined.

The sum of the two estimates, \$9 billion, is a very large number—that is, unless you compare it to the \$128 billion Exxon bragged in it's 2014 annual report that it returned to its shareholders over the five previous years.

PHOTO: Bob Hennelly

Newark Bay, seen from Staten Island. Once an active fishery, then an industrial dumping ground, the Bay has the potential to be an asset rather than a threat to the low-income

communities around it.

NYT

Puerto Rico on the Brink

By THE EDITORIAL BOARD

APRIL 29, 2015

Puerto Rico is in trouble, after years of bad policies, mismanagement, excessive debt and bad luck.

Its economy has been shrinking or stagnant for a decade and the unemployment rate sits at nearly 12 percent. The commonwealth and its utilities have a debt of \$73 billion, its public pension funds are woefully underfunded and one state agency has warned that the government could be forced to shut down soon because it might run out of money.

Lawmakers in Washington and San Juan need to come up with a plan that addresses the financial and economic problems of the territory, which is home to 3.6 million American citizens. The island's difficulties also affect investors in the 50 states who own the tax-exempt bonds issued by Puerto Rico's government and utilities.

Once a growing manufacturing center, Puerto Rico began a long decline in the mid-2000s after federal tax incentives for businesses that produced goods on the island were phased out, prompting some employers and tens of thousands of workers to leave.

Puerto Rican leaders made the situation worse by not investing sufficiently in the economy and by borrowing excessively. Investors eagerly extended loans without properly analyzing the territory's deteriorating financial health. They did so in large part because interest earned from Puerto Rican government bonds is exempt from federal and state income taxes.

One of the biggest and most immediate problems for the island is the roughly \$20 billion debt owed by three government-owned companies: the electricity utility, the water and sewer system and the highway authority. Because Puerto Rico is a territory, these businesses are not allowed to restructure their debt in Chapter 9 bankruptcies. Congress should approve a new bill that would allow these and other Puerto Rican government-owned companies, as well as municipalities, to use Chapter 9.

Some analysts and bankruptcy experts say that Congress should go even further and allow the government of Puerto Rico to file for bankruptcy. Some also argue that federal lawmakers should appoint a financial control board to oversee the island's finances; this drastic step may not be warranted yet, but it is worth studying.

There is a lot that can be done to revive Puerto Rico's economy. Stronger efforts to boost tourism, manufacturing and the services sector through targeted public investments could lead to faster growth. For example, Puerto Rico gets relatively few visitors despite its natural attractions. It had 3.2 million tourists in 2013, down from 3.7 million in 2005. By contrast, the

Dominican Republic had 4.7 million tourists in 2013, up from 3.7 million in 2005.

The government could also improve its finances by raising taxes, which are very low by international standards. Puerto Rico only collects about 11 percent of its gross domestic product in taxes, compared with the 33 percent average for advanced countries. Gov. Alejandro García Padilla has proposed replacing the island's 7 percent sales tax with a 16 percent value-added tax. That might be too large an increase given the economy's weakness, but a smaller increase phased over time and higher income tax rates could help, as would better policing of tax evasion.

In addition to fixing its finances, Puerto Rico has to answer a bigger question about its future: Should it become a state? The government ought to hold another voter referendum on the issue. The last one, a nonbinding vote in 2012, was poorly worded and did not clearly establish that the majority of Puerto Ricans want statehood. Last year, Congress and President Obama budgeted \$2.5 million for the territory to hold another referendum on its political status; Mr. Padilla said last year his government will hold a vote by 2016.

Puerto Rico is about 1,000 miles from Miami, but it can seem a world apart. The island's financial problems are a reminder that benign neglect has had terrible consequences for millions of Americans.

Photo A camp set up by demonstrators in front of the capitol building in San Juan, Puerto Rico. Credit Dennis Rivera for The New York Times

April 30, 2015

Bloomberg, Reuters: Prepa to be granted 30-day extension

By : LUIS J. VALENTÍN

cbnewsroom

Puerto Rico Electric Power Authority (Prepa) bondholders will be granting the utility a 30-day extension on its forbearance agreement, which is set to expire Thursday, according to recent reports by Bloomberg and Reuters.

This would be the third extension conceded to the troubled utility after the original March 31 deadline.

Prepa would be delivering its restructuring plan by June 1 under the bondholders' proposal, although an agreement hasn't been finalized, according to Bloomberg.

On April 15, creditors agreed to grant Prepa a second 15-day extension "to allow all parties to continue their dialogue to develop a consensual solution to transform Prepa that will benefit all stakeholders," Lisa Donahue, the utility's chief restructuring officer, said at the time.

April 28, 2015

Why a \$2.95 billion bond issue is essential to avoid government shutdown

By : XAVIRA NEGGERS CRESCIONI & PHILIPPE SCHOENE ROURA

caribbeanbusiness.pr

"When the Government Development Bank's (GDB) board of directors sent a letter to the Puerto Rico Legislature, it wasn't intended as a threat or blackmail, but as the fiscal agent of the government of Puerto Rico, the GDB simply has the responsibility of saying time is of the essence. It is our duty to put a deadline on something that is taking too long."

This statement was made to CARIBBEAN BUSINESS by Melba Acosta, president of the GDB and chief financial officer of the government of Puerto Rico.

Puerto Rico's government will come to a screeching halt about June 30, if it doesn't enact the credible tax reform that investors are seeking to finance a \$2.95 billion bond deal, explained Acosta in an exclusive interview with CARIBBEAN BUSINESS that took place as she was on her way to New York for more meetings with investors.

She made it very clear that if Puerto Rico isn't able to deliver and sell a \$2.95 billion bond issue soon, there won't be enough money to run most of the government by June or July.

"Without true tax reform that will balance the budget, we won't be able to go to market," said Acosta, who is in meetings with investors in New York again this week trying to secure a bond deal as the Legislature continues deadlocked over tax reform based on a value-added tax (VAT, or IVA by its Spanish Acronym) that must be enacted to secure the deal. "With all the questions that we have right now, the only way we could go to market would be at an exorbitant interest rate. The investors with whom I met last week told me that we couldn't go to market until there is an approved tax reform. I told them we were aware of this, and the next thing they asked me is whether the Legislature was aware of this? I have told the Legislature and I have explained it to them."

Playing a game of chicken

The Legislature continues locked in a dangerous game of chicken over the passage of tax reform. The Puerto Rico House of Representatives drafted a tax reform bill based on a VAT of 16% that failed to rally the support of representatives playing to political concerns of the next election. The measure has undergone significant amendments, none of which leads to a structurally balanced budget. In its most recent version, the tax reform bill reportedly has just enough votes to pass in the House, but will be amended in its markup in the Senate and could take another two weeks. That is time that Puerto Rico doesn't have as investors insist on seeing tax reform become law before they back any bond deal.

The Puerto Rico government needs the \$2.95 billion bond issue to boost the liquidity of the GDB, which, as the lender of last resort, will see its assets dry up, forcing government agencies operating with a deficit to close. Puerto Rico's government needs the bond deal to continue operating the next two years.

Without the \$2.95 billion bond deal, Acosta sees the scenario going something like this: "If the central government doesn't have the cash to operate and the GDB doesn't have the liquidity to lend the money, then the government could see several agencies (excluding public safety, healthcare and education) closing. That means no payroll for many workers. Obviously, the implications for the economy are negative."

The GDB chief's projections are made even more dire by the recent admission by Treasury Secretary Juan Zaragoza that the government, negatively affected by shortfalls in tax collection, will run out of money in July.

The government bank's financial position—as the lender of last resort for an underfunded government— becomes even more important. A GDB report, which showed liquidity at \$1.1 billion as of Dec. 31, 2014, representing a drop of nearly \$1 billion over a six-week period, also shows that GDB finances are at a critical state. The GDB must make payments of about \$600 million before June 30, and during fiscal 2016, it faces some \$800 million in principal payments. Of particular concern are five-year loan notes purchased last term by the GDB, which are now coming due.

The bond deal is needed to pay off a \$2.2 billion loan to the troubled Highways & Transportation Authority (HTA), which has been sitting on its books since the administration of former Gov. Luis Fortuño. The loan must be paid back or eventually the GDB will be forced to reserve the loan as a loss, something that would leave the commonwealth's lender of last resort completely decapitalized. As things now stand, the GDB may be forced to write off a portion of this loan in the upcoming fiscal year.

"I really don't want to be pessimistic. I believe there is still time if we all do our part: that means everyone," said Acosta, who is in New York dealing with investors who want to know if Puerto Rico will be able to enact tax reform that will deliver a structurally balanced budget. "To achieve this, certain steps have to be taken. First, the tax reform needs to be approved. The budget has to be approved. The uncertainty has to be removed. It's impossible to present a budget if we don't know what the final tax reform will bring in."

Late last week, Senate President Eduardo Bhatia replied to the GDB letter with a public statement that called out the government bank's board for requesting tax hikes— such as the amendments to the petroleum- products tax—that didn't meet projections.

"What they don't understand is that the market changes," said Acosta in reference to the many extraneous variables that negatively affect public finance.

As things now stand, it may take months before the Legislature passes the laws needed to allow the commonwealth to access municipal capital markets.

Up until April 15 of this year, Puerto Rico had a chance of going to the municipal bond market with just the amendments to la crudita, as the petroleum-products tax is widely known. The problem is that since so much time has passed, the commonwealth now must provide an approved tax reform and budget for fiscal 2016, which begins July 1, and other financial documents as part of the needed disclosure to potential investors, Acosta said.

"In several meetings, I stressed that if we waited until March or April to go to market, it was going to get bogged down with the run-up to tax reform, it was going to get mixed up with the Prepa [Puerto Rico Electric Power Authority] negotiations and Treasury's tax collections, which we knew were going to be short. The deal was going to get bogged down with the budget debate.

"It would have been much more different to go market in November, December—even January. It would have been very different than having to go to market now." Acosta said

When asked whether lawmakers were aware that time was of the essence to get the GDB out of

its cash crunch, the GDB president said, "I have had conversations with them—they knew. Are they aware of the way the market works? I don't know. I have said publicly: If we keep waiting things are going to get complicated, and what happened?"

LA CRUDITA's bad timing

Since entering office in January 2013, Gov. Alejandro García Padilla's administration has been aware of the looming threat posed by the HTA's outstanding \$2.2 billion loan from the GDB, which didn't identify sources of repayment. Early in 2013, the administration tripled the petroleum-products tax, with the aim of paying off HTA's debt with an agency bond issue backed by this increased revenue.

However, on Aug. 26, 2013, a cover article in Barron's magazine written by Andrew Barry titled, "Troubling Winds," with the subhead, "Puerto Rico's huge debt could overwhelm attempts to revive its economy. Bond investors, beware," scared off potential investors in this issue, Acosta said.

"The uncertainty traced in part to what they call claw backs, which is money that the government can use if there is a gap in the general fund to repay the constitutional debt. They saw la crudita as something that could be claw-backable, so the bond deal supported by la crudita had to be put on hold. That was back-to-back with the Barron's article," Acosta said.

Then the administration devised a plan to raise the money through the P.R. Sales Tax Financing Corp. (Cofina, by its Spanish acronym) by adding amendments to increase the amount of funds from the general fund to Cofina, but continuous negative press reports kept investors skittish. The possibilities for this plan became even more remote when Standard & Poor's, Moody's Investors Service and Fitch Ratings downgraded the credit of Puerto Rico's central government to noninvestment grade, or junk status, in February 2014.

At this point, commonwealth officials opted to change course and raise the money through a massive \$3.5 billion issue of general-obligation (GO) bonds in March 2014. While junk, these bonds were wildly popular with investors because they paid an 8% coupon and 8.727% yield through 2035—"unbelievably high"—according to investors, and were backed by the government's constitutional guarantee. This wouldn't have been the case with the HTA issue.

Demand for the GO issue was unprecedented due to a municipal bond market starved at that

time for yield. With total orders, received from 270 different accounts, surpassing \$16 billion, more than four-and-a-half times the bonds available were offered for sale.

When the issue went to market, investors were hearing a positive upbeat story of how Treasury was beating estimates for collections month after month, and what steps the central government was taking to right its finances, such as hiring Lisa Donahue as Chief Restructuring Officer and her firm Alix Partners to turn around Prepa's finances. If the commonwealth had waited just one more month until April 2014, the story would have been completely different, with Treasury missing its collections estimates by \$442 million below target, with \$380 million of that amount corresponding to the corporate income taxes line revenue.

"Sometimes timing is more important than having everything perfect, and timing isn't working in our favor now," Acosta said, adding the caveat she is now looking for alternative forms of financing, which she declined to discuss, to bridge the commonwealth's liquidity gap before accessing the market again.

Since the GO issue was also sold at a discount, the government received \$3.2 billion in net proceeds. Of that amount, \$900 million was used to refinance debt, and the bank received a \$1.9 billion liquidity infusion, the Wall Street Journal reported at that time.

While the administration had always planned to make two bond issues in four years to shore up the government's finances, the need for the second bond issue became increasingly more pressing as the GDB's new liquidity was once again put in peril by a series of unforeseen factors.

Among these, in May 2014, Scotiabank decided not to renew an exemption the HTA had. In response, the GDB had to buy some notes for about \$200 million so the HTA wouldn't default. Private banks also cancelled a \$150 million credit line to the Health Insurance Administration (ASES by its Spanish acronym), which the GDB then provided, as well as \$300 million in tax revenue anticipation notes (TRANS) to shore up the commonwealth's finances for the upcoming fiscal 2015, which started in July of last year.

Last October, when the administration started asking for a second hike to the petroleum-products tax, lawmakers balked because they began questioning what happened to the revenue raised from hikes to la crudita in 2013 and why couldn't this be used to back a new bond deal?

This couldn't be done because the GDB used revenue from the first hike in la crudita to get \$400 million in bond anticipation notes (BANs)—which is now down to \$220 million in outstanding debt— from the Royal Bank of Canada in June 2013. The BANs were used to keep the HTA loans on the GDB's ledger and provide liquidity to the bank, Acosta said.

"So, when people ask: where is the HTA money going?, they should know that it is going toward paying the BANS," she said.

However, many lawmakers, including Senate President Bhatia weren't buying it, saying they needed to know how revenue from the first hike to la crudita was used before they could authorize another increase to the petroleum-products tax. Thus began six months of infighting—October 2014 through March 2015—over the tax needed to bank a new \$2.95 billion bond issue.

The new tax was aimed at not only covering the HTA's \$2.2 billion loan, but also providing operating revenue to the agency—which has a \$200 million annual deficit and owes suppliers \$150 million—given the understanding the entity had to significantly cut expenditures. As part of this plan, the HTA's money-losing operations, such as the Metropolitan Bus Authority, Maritime Transportation Authority and the Urban Train, were placed under another agency called Integrated Transportation Agency (ATI by its Spanish acronym), so these losing operations wouldn't continue to affect the HTA and could be subsidized by the government.

However, lawmakers were leery because they didn't have a clear answer as to what happened to the money from the first tax hike and didn't want to be associated with another unpopular tax with the election season getting closer. To get the legislation passed, García Padilla had to call a special session last year and threaten to shut down the San Juan area's public transportation system.

The initial version of the law passed in January contained so many conditions made through amendments that the bond deal it authorized was no longer viable. These included an interest-rate cap of 8.5% and limited discount that couldn't be lower than 93 cents on the dollar. The caps prevented the bonds from being sold at higher than a 9.2% yield, which isn't a sufficient return to investors, considering our credit downgrades in current market conditions.

Lawmakers eventually removed the discount floor, but kept the interest- rate cap in the final version of the legislation passed in March. These amendments allowed the government to pay the yields demanded by investors, but forced the commonwealth to do so by offering a larger original issue discount, which limits the amount of real cash the government could raise from the

deal. Under prevailing market conditions, the government could only raise about \$2.5 billion after borrowing \$2.95 billion.

Lawmakers also agreed to tie future tax hikes to the Consumer Price Index to ensure future bond payments, including a clause that would hike the petroleum-products tax further if it failed to raise \$325 million annually to make the payments. If oil-tax revenue surpassed expectations, the tax rate could be adjusted downward.

Fickle market

The new la crudita law went into effect March 15, but by that time, the fickle market had started to change. As of March 26, all systems were go, with the commonwealth planning to issue the bonds in May, but Donahue and her team missed a deadline on March 31 to present the reorganization plan for Prepa and make a payment to bondholders, which didn't help gain the trust of investors or insurers, who already are exposed to \$5 billion in HTA debt, and very wary of guaranteeing part of the new \$2.95 billion issue.

Further shaking market confidence is all the political wrangling over the VAT and tax reform, which is reminiscent of the political fighting surrounding amending la crudita last year.

"Truthfully, what is worrying them [investors] is they see that there are political differences on the tax reform and this denotes certain instability," Acosta said. "Any financial alternative requires certainty. Nobody is going to lend you money if there is uncertainty about how they are going to be repaid. Right now, there is uncertainty about a country's tax system, which is a country's (financial) bloodline. We don't know how the tax reform is going to be laid out, and what greater uncertainty is there than that?"

Among the questions investors are now asking is how the commonwealth plans to fill the projected \$300 million gap in this year's budget, which closes June 30. About \$200 million of this gap is due to lawmakers eliminating the 4% gross receipts tax, or patente nacional, in December, without replacing it with another mechanism to hike collections.

To stem the \$300 million budgetary gap, Office of Management & Budget Director Luis Cruz Batista has outlined \$125 million in spending reductions. In a similar vein, Treasury chief Zaragoza also is filing proposals to provide a tax amnesty and more windows for the payment of capital gains taxes that could raise an additional \$100 million. There are also proposals to bring

funds from the government public corporations that could add another \$100 million into the central government public coffers.

"We are discussing bills that could begin filling the gaps we have in this year's budget," Acosta said.

Looming expenditures

First thing, though, the GDB must pay off the \$1.2 billion in TRANS it took out last year, starting with a \$400 million payment in April, another \$400 million in May and the remaining \$400 million that was granted by a private bank in June. Each year, the commonwealth borrows on its upcoming tax collections through TRANS to ensure its liquidity throughout the year. If things remain as they are, the commonwealth may have to renegotiate repayment of the private portion and face problems raising new TRANS for fiscal 2016, causing the commonwealth another liquidity problem.

"What we need to do is finalize the issues that are unresolved. Without the bond issue...payroll could be affected, as well as services," Acosta said.

The lack of liquidity already is affecting the government. Given its current position, the GDB recently withdrew its \$150 million credit line to ASES to help it make timely payments at the beginning of the month to healthcare providers of the Government Health Insurance Plan, which serves 1.7 medically indigent people on the island.

ASES is making due by having the federal government make weekly payments of matching funds under the Patient Protection & Affordable Care Act of 2010 that the local agencies can use to shore up weekly payments to local healthcare providers. ASES is already past due on \$130 million in payments to providers and is negotiating alternate sources of financing with Arab investors.

Acosta closed with this: "I am always an optimist. I told you what they told me last week: you can't go to market if you don't have a tax reform approved. What's important is the people understand the urgency. You can't go to market to raise money when there is uncertainty."

—Chief Copy Editor Rosario Fajardo contributed to this story.

EPA wants Hunterdon landfill off Superfund list; cleanup is done

By Hunterdon County Democrat

April 29, 2015

ALEXANDRIA TWP. — With longtime cleanup work complete and long-term controls in place at the Crown Vantage Landfill, the federal Environmental Protection Agency wants to remove it from the Superfund list.

Deed restrictions prohibit future construction on the 10-acre site south of Milford, the EPA said on Wednesday, April 29, and "prevent" activities that "could disturb the site."

The EPA will take comments on the planned removal through Friday, May 29.

About 2,450 drums and waste were removed from the landfill, and the area was filled with clean material, according to the EPA. A wall was built to stabilize the landfill and prevent materials from getting into the Delaware River, it said, and the site is fenced and posted to discourage trespassers from disturbing the surface.

A small portion of the site abuts the river. It was used as a dump from the 1930s through the early 1970s, reportedly by the then-adjacent paper mill as well as other nearby Riegel Paper Co. mills.

"Landfills produce a legacy of pollution that must be controlled long after they stop accepting waste," said EPA regional administrator Judith A. Enck.

The work at Crown Vantage will "protect people's health," she said. "Even after this site is removed from the Superfund list, the EPA will ensure that the cleanup continues to be protective."

The cleanup took many years. In 2009, the EPA determined that levels of contaminants present at the Crown Vantage site — such as barium, chromium, lead and polycyclic aromatic hydrocarbons — weren't high enough to be harmful to humans who engage in hunting, fishing, swimming or hiking nearby up to 56 days each year, EPA project manager Alison Hess said earlier.

The EPA said the site had been "contaminated with semi-volatile organic compounds, polychlorinated biphenyls (PCBs) and other pollutants that can seriously impact people's health if significant exposure occurs."

Cleanup goals the agency set for Crown Vantage "have been met and a review of conditions confirms people are not exposed to the pollutants in the landfill," it said.

Long-term monitoring will take place to "ensure that the cover and stabilization wall continue to prevent direct contact with underlying waste and protect against erosion."

Now that the cleanup is considered complete, the EPA would conduct reviews every five years to evaluate the continued effectiveness of the various measures.

Should conditions at the site change, the EPA said it reserves the right to take future actions under the Superfund program.

Comments on the proposed deletion of Crown Vantage from the Superfund list may be submitted online, via email, or by mail to Alison Hess, Remedial Project Manager, Emergency and Remedial Response Division, U.S. Environmental Protection Agency, Region 2, 290 Broadway, 19th Floor, New York, N.Y. 10007.

Comments should include the Docket ID no., EPA-HQ-SFUND- 2005-0002.

Alexandria Township resident Rick Toone checks out the warning sign posted on the Crown Vantage Landfill fence in this file photo. (Teresa Fasanello | Hunterdon County Democrat)

EPA wants Hunterdon landfill off Superfund list

By Everett Merrill

April 29, 2015

The U.S. Environmental Protection Agency is proposing to remove a Hunterdon County landfill off the Superfund list. (Photo: ~File)

Story Highlights

- The inactive 10-acre landfill was contaminated with semivolatile organic compounds.
- Crown Vantage was used as a landfill from the 1930s and until the early 1970s.
- Approximately 2,450 drums and waste were removed from the landfill.
- The landfill reportedly was utilized for the disposal of waste by Curtis Specialty Papers mill.

The U.S. Environmental Protection Agency is proposing to remove the Crown Vantage Landfill Superfund site in Alexandria Township in Hunterdon County from the federal Superfund list.

A statement from the EPA said that the inactive 10-acre landfill was contaminated with semivolatile organic compounds, polychlorinated biphenyls (PCBs) and other pollutants that can seriously impact people's health if significant exposure occurs. A small portion of the landfill sits on the eastern bank of the Delaware River. All cleanup goals that EPA set for the site have been met and a review of conditions confirms people are not exposed to the pollutants in the landfill.

The EPA said they made the decision after successfully completing all cleanup work and putting

into place long-term controls to ensure that people's health and the environment continue to be protected.

The EPA took steps to ensure that the remaining pollutants at the site are contained by an existing forested cover and a wall that stabilizes the section of the landfill along the Delaware River. The EPA required new deed restrictions that prevent activities that could disturb the site and prohibit any future on-site construction.

"Landfills produce a legacy of pollution that must be controlled long after they stop accepting waste," said EPA Regional Administrator Judith A. Enck. "At Crown Vantage, EPA removed several thousand drums of hazardous waste, covered the landfill and shored up the banks to protect people's health. Even after this site is removed from the Superfund list, the EPA will ensure that the cleanup continues to be protective."

Crown Vantage was used as a landfill from the 1930s and until the early 1970s. The landfill reportedly was utilized for the disposal of waste by the adjacent Curtis Specialty Papers mill, as well as by other nearby Riegel Paper Company facilities.

"We oppose the EPA's proposal to remove the Crown Vantage site from the Superfund list," said Jeff Tittel, director of NJ Sierra Club. "Just because they removed it from the list, it does not mean the site is actually clean. The EPA's cleanup plan was not really a cleanup plan."

"They capped the site, leaving most of the toxins and contaminated soils in the ground. In an area that floods regularly, this makes no sense because during the next storm, the cap could wash away, sending those toxins into the river and the environment. The plan does not adequately protect the Delaware River and the communities around the site."

Approximately 2,450 drums and waste were removed from the landfill, and the area was filled with clean material. A wall that stabilizes the landfill and prevents materials from reaching the Delaware River was constructed, and fencing and signs were installed to keep trespassers from disturbing the surface of the site.

The EPA said it will conduct reviews every five years to evaluate if the completed work remains protective of human health and the environment. In addition, the EPA said it will monitor the site and, if conditions at the site change, reserves the right to take future actions under the Superfund program.

Comments on the proposed deletion of the site from the Superfund list may be submitted at <http://www.regulations.gov>, by email to hess.alison@epa.gov or by mail to the attention of Alison Hess, Remedial Project Manager, Emergency and Remedial Response Division, U.S. Environmental Protection Agency, Region 2, 290 Broadway, 19th Floor, New York, NY 10007-1866.

Comments should identify the Docket ID number, EPA-HQ-SFUND- 2005-0002, and should be submitted by May 29, 2015.

For further information, visit <http://www.epa.gov/region02/superfund/npl/crownvantage>.

EPA proposes removing Hunterdon County landfill from Superfund list

By Steve Novak | The Express-Times

April 30, 2015

A decade after it was added to the federal list of contaminated areas, environmental officials say a Hunterdon County landfill should no longer be classified as a Superfund site.

A proposal by the Environmental Protection Agency to remove the former Crown Vantage Landfill -- part of which abuts the Delaware River -- from the Superfund list was published Wednesday in the Federal Register, kicking off monthlong public comment period.

The 10-acre site in Alexandria Township was used as a landfill from the 1930s to the '70s, where it received waste from paper companies including the adjacent Curtis Specialty Papers mill, itself a Superfund site, the EPA said in a news release.

"Landfills produce a legacy of pollution that must be controlled long after they stop accepting waste."

Contaminants in the soil included metals like lead and other compounds documented in the Delaware and downriver, the EPA said.

The agency said it has completed cleanup work that included removing 2,450 drums of waste and constructing a wall to prevent materials from reaching the river. International Paper Co., Georgia-Pacific Consumer Products and a subsidiary did investigations and removal under agreements in 2005 and 2007, according to the notice in the Federal Register.

The EPA said it will review the site every five years and could take further action if the situation warrants it.

"Landfills produce a legacy of pollution that must be controlled long after they stop accepting waste," EPA Regional Administrator Judith A. Enck said in the news release.

A New Jersey environmental group on Wednesday was critical of the EPA's proposal.

"Just because they removed it from the list, does not mean the site is actually clean," said Jeff Tittel, director of the state's Sierra Club.

"They capped the site leaving most of the toxins and contaminated soils in the ground," Tittel said. "In an area that floods regularly, this makes no sense because during the next storm the cap could wash away sending those toxins into the river and the environment."

PUBLIC COMMENT

With Wednesday's publication in the Federal Register of the EPA's proposal to remove the former Crown Vantage Landfill from the Superfund list, a monthlong period of public comment is underway.

Comments are due by May 29 and should identify the docket number: EPA-HQ-SFUND-2005-0002.

There are three ways to submit comments:

- Online at www.regulations.gov.
- By email to hess.alison@epa.gov.
- By mail to the attention of Alison Hess, Remedial Project Manager, Emergency and Remedial Response Division, U.S. Environmental Protection Agency Region 2, 290 Broadway, 19th Floor, New York, NY 10007-1866.

You can find more information on the Crown Vintage site on the EPA's website or the notice in the Federal Register.

Black fungus spreading on St. Croix Mold blamed on rum production

28 Apr 2015

The Virgin Islands Daily News

By JONATHAN AUSTIN

The fungus, known as *baudoinia compniacensis*, was identified by James Scott, a Canadian scientist, whose research showed that exposure to ethanol will accelerate its growth.

Two St. Croix senators are pushing for answers about the effect and impact of a soot-like fungus that darkens cars, structures, signs and vegetation around the two distilleries on St. Croix.

"The black mold has partially and in some cases completely covered the landscape, buildings, personal property and street signs," Sen. Kurt Vialet said. "While appearance and decrease in property value is a concern, it is even more important to understand and address the effects of rum fungus on vegetation," he wrote in a statement. "Communities are affected by fungus growing on fruit and vegetable trees and plants. Crops cannot be consumed or sold, resulting in a decrease in food supply and income."

Several St. Croix residents have filed suit against Diageo USVI, Inc. and Cruzan Viril, Ltd.,

owners of the two island distilleries, claiming that the rum fungus is a substantial annoyance that destroys surfaces, damages fruits, vegetables and plants and decreases the value of properties located around the distilleries.

The lawsuit is similar to suits filed in Kentucky and Scotland against Diageo companies.

In Kentucky, the Louisville Metro Air Pollution Control District issued violation against Diageo and threatened to levy \$10,000-a-day fines. Diageo agreed in July 2013 to clear out its inventory in one warehouse, local media reported.

In Scotland, residents living near a Chivas Brothers distillery say the mold is the scotch industry's "dirty little secret" that blights cars, homes and vegetation in the town of Beith.

Scots in the town of Bonnybridge have sued Diageo, retaining the same American lawyer who filed suit in Kentucky. The attorney, William McMurry, also is listed as counsel on the St. Croix suit, with Vincent Colianni II of Christiansted and Morris & Player LLC, of Louisville, Ky.

The fungus, known as *baudoinia compniacensis*, was identified by James Scott, a Canadian scientist, whose research showed that exposure to ethanol will accelerate its growth.

Diageo USVI spokeswoman Erica Johnson said by email that the company is "committed to maintaining the highest level of environmental standards and supporting the communities in which we operate, and we are taking this matter very seriously. "While we are sympathetic to the concerns raised by some St. Croix residents, we believe that the blackening of some buildings and structures is due to naturally occurring mold found widely throughout the environment, including in areas unrelated to the production of rum," she said. "We do not believe that our operations have caused any harm to property or pose any threat to health. We are cooperating fully with the DPNR on this issue."

The Daily News was told that a spokesperson for Cruzan Viril, Ltd. on St. Croix would not be available for several days.

Violet said he has contacted the Department of Planning and Natural Resources to "express his concern" regarding rum fungus, and he said he was told "that they were looking into the matter." He said the commissioner "has been in contact with both of the companies" but that both were hesitant to discuss the issue because of the pending lawsuit.

“We have offered both of these companies very good economic benefits for them to be able to operate,” Violet said. “We are even subsidizing the cost of molasses” used in the distillation of rum. “As a corporate citizen, I think they should have a bit more responsibility” and make the effort to install technology that will keep the mold spores from spreading outside the distillery.

Sen. Kenneth Gittens later issued a statement asking Violet, who is chairman of the committee on Health, Hospitals and Human Services, to schedule a committee meeting to “discuss and investigate the potential major health risk to the residents of St. Croix, specifically on the western side of the island.”

“This black smut that we are seeing is similar to what residents have seen in parts of Kentucky,” Gittens wrote.

Referring to the violations levied in Louisville, he said it may be more than a coincidence that London-based Diageo faced fines after their bourbon barrel storage warehouses were blamed for emitting ethanol vapors that promote the growth and appearance of a black fungus.

DPNR nominee moves forward to confirmation

29 Apr 2015

The Virgin Islands Daily News

By ALDETH LEWIN Daily News Staff

ST. THOMAS — Senators on Tuesday grilled the governor’s pick for Department of Planning and Natural Resources commissioner, Dawn Henry, then approved her nomination and sent it to the full body with a favorable recommendation.

Henry, who previously worked as legal counsel to DPNR, said that taking the helm of the agency for the last 45 days has been a humbling experience.

“DPNR is a challenge,” she said.

St. John poisoning

Only eight days into Henry's new position, a Delaware family was poisoned by methyl bromide used at the Sirenusa Resort where they were staying on St. John. DPNR and the Environmental Protection Agency immediately launched a joint investigation.

Since then, DPNR has issued a half-dozen stop use orders for local pest control companies to stop using the restricted chemical.

"I am proud to state that the team met every challenge, and the public can rest assured that all of the methyl bromide that DPNR discovered is now secured and in the department's custody," Henry said.

Some senators wanted to know how a restricted pesticide could be used without DPNR's knowledge.

Henry said the department makes annual inspections, but not of everyone. She said the schedule is rotated, so everyone does get inspected but not every year.

She said the responsibility to use the chemical in the correct way is on the applicator.

EPA audit report

Henry also spoke about what she called the "elephant in the room," a recent Interior Department Inspector General's audit of the territory's ability to implement and enforce federal programs under the Environmental Protection Agency.

"The IG report pulls no punches," she said.

The report found that two of the department's federal grants are in jeopardy and other programs remain under scrutiny.

"By any measure, this is failure. Failure of leadership," she said.

She said the report sets out a series of recommendations and corrective actions the department should take by next March.

Henry said her goal is to have those items complete within six months.

Management style

Henry said her management style would be centered on two concepts. The first is that she will be visiting each of the divisions personally to interact with employees on a regular basis.

She said she also will have "office hours" and will encourage any employee who has tried to work up the chain of command to solve a problem to bring it to her directly.

Henry told the senators that she will be an advocate for training, and she said she will not hesitate to terminate an employee who is not performing after training has been given.

Other goals

Henry said staffing levels in her department are too low, and she will make some hires, including an assistant commissioner who will be based in St. Croix.

She will also embark on a crosstraining initiative that she said will help to fill in some gaps.

Other goals Henry discussed are to restructure DPNR's divisions to consolidate services and to reassign employees to fill vacancies in understaffed divisions.

Henry's nomination was supported by all seven committee members Tuesday: Jean Forde, Novelle Francis Jr., Justin Harrigan Sr., Neville James, Nereida Rivera-O'Reilly, Janette Millin Young and Kenneth Gittens.

Pallone takes aim at Christie over climate change

By Jonathan D. Salant

NJ Advance Media for NJ.com

April 30, 2015

WASHINGTON — U.S. Rep. Frank Pallone Jr., the top Democrat on the House Energy and Commerce Committee, tried unsuccessfully Wednesday to prevent governors from withdrawing from federal or multistate plans designed to reduce emissions that contribute to climate change.

Pallone (D-6th Dist.) said he acted in response to Gov. Chris Christie's decision to unilaterally withdraw from the Regional Greenhouse Gas Initiative, a cap-and-trade program designed to reduce carbon dioxide emissions from power plants across northeastern and mid-Atlantic states from Maine to Maryland by 10 percent over seven years.

The leading Democrat on one of the most powerful committees in the House, Pallone has used his perch to attack Christie, a potential 2016 Republican presidential candidate, on environmental issues. At a committee hearing last month, Pallone Christie's decision to withdraw from the Regional Greenhouse Gas Initiative cost the state more than \$114 million in revenue from selling permits to emit carbon dioxide, and could mean the loss of an additional \$387 million through 2020.

Pallone on Wednesday unsuccessfully tried in the committee to amend Republican-led legislation that would enable states to opt out of federal or state programs designed to reduce emissions. The amendment, defeated on a voice vote, would have required a state's legislature to approve any withdrawal, not just the governor.

"The decision to opt out of initiatives that would help reduce carbon pollution, while supporting economic development, is one that should reflect the people of that state and not just one individual," Pallone said. "In New Jersey, we have seen first-hand the detrimental impacts of leaving this effective program. While the New Jersey legislature fights back, I must do my part in Congress to reverse the negative trend set by Governor Christie and to help ensure other states' legislatures have the opportunity to oppose these misguided decisions."

The bill itself, which was passed by the committee and sent to the House floor, would allow states to withdraw from an emissions-reduction program if the governor found that compliance

would lead to high rate increases or affect the reliability of the electric grid. The bill also would delay an Environmental Protection Agency plan to reduce emissions until court challenges are finished.

"This bill does not repeal the Clean Power Plan, nor does it preclude a state from moving forward and implementing EPA's rule," said the legislation's chief sponsor, Rep. Ed Whitfield (R-Ky.), chairman of the energy and power subcommittee. "It simply allows states to prevent the proposed rule from imposing unnecessary economic hardship."

Christie pulled out of the cap-and-trade program in 2011, saying it was "not effective in reducing greenhouse gases and is unlikely to be in the future." Under the program, power plant operators buy and sell emission credits, with revenue going to states to fund projects for energy efficiency and renewables.

Environmentalists successfully sued in 2012, saying the governor could not unilaterally withdraw from the compact without repealing the regulations, which required public comment. The state Department of Environmental Protection did away with the rules in 2014.

Christie has vetoed efforts by the Democratic-controlled legislature to stop the withdrawal.

In March, Kevin Roberts, a spokesman for the governor, called the compact "nothing more than a tax on business that failed to achieve its goals."

Queens Gazette

2015-04-29

Constantinides Calls For Climate Change Education

Councilman Costa Constantinides (DAstoria) rallied on April 22, Earth Day, in support of his Res. 375, which calls on New York state to include climate change in the K-12 curriculum.

Currently, climate change is limited to a small area in the science curriculum. While the mechanics of climate change are based in science, the effects of climate change encompass many subjects, including agriculture, economics, government and even national security. Res. 375 asks the state to make climate change into a stand-alone lesson.

Constantinides said, "Earth Day is a time to consider how our actions impact our planet's future. We have already committed to reducing our carbon emissions citywide by 80 percent by 2050. We must help our children understand how carbon emissions impact climate change, as well as how the risks of climate change impacts everything from our national security to our global economy. Climate change can't be reduced to a mere bullet point on a science syllabus – it has to be a standalone lesson in itself. No one will feel the effects of climate change more than our children. That's why it's so important that we provide them with the knowledge and 21st century concepts they'll need to care for our planet."

Constantinides was joined in support by EPA Region 2 Administrator Judith Enck, the Alliance for Climate Education, the Natural Resources Defense Council, and youth advocacy group,

Global Kids, Inc.

"Climate change is one of the most serious environmental, health and economic issues facing our nation. It is important that young people be educated about the details of the climate change issue. The more educated young people are on this issue, the more likely that they will be part of the solution," said Judith A. Enck, Regional Administrator, Environmental Protection Agency.

"ACE empowers young people to have a voice when it comes to their own climate impacted futures. Several of our New York Action Fellows were directly affected by Hurricane Sandy. They know first-hand how urgent it is that we understand and take action on climate change. They are leading the way for the rest of the nation, ensuring every child has access to climate education. We are deeply appreciative of the New York City Council, especially Councilman Constantinides, for support in helping our Fellows bring climate education to the forefront," said Matt Lappé, Executive Director, Alliance for Climate Education

"The earth is our responsibility. In order to care for it, we need to know the facts about climate change. We need climate education for all students," said Kazi Ateea, 16, Global Kids student leader.

"The disruption of our climate caused by the burning of fossil fuels is an issue that will affect the lives of all New Yorkers across the state (and beyond) for decades to come. It makes perfect sense that our schools adopt a comprehensive, broad-based curriculum so that our children will be knowledgeable about the facts of global warming and the multiple ways in which their lives will be impacted, so they can be better prepared to deal with changing weather patterns. Three cheers for Councilmember Constantinides and his City Council colleagues for advancing this important resolution," said Eric A. Goldstein, NYC Environment Director at the Natural Resources Defense Council.

"Today the study of climate change is an important component of a sound and relevant education," said Councilman Donovan Richards, Chair to the Committee on Environmental Protection. "While the study of climate change is relegated to the sciences, the reach will extend far beyond that traditional scope. I am proud to stand with Councilmember Constantinides, EPA Region 2 Administrator Judith Enck, students and advocates in full support of climate change education in our primary, elementary and secondary schools to fully prepare our children for their future."

According to the National Center for Science Education (NCSE), it's important for climate change to be taught, both in formal and informal educational environments, in order for future citizens to be able to make scientifically informed decisions about its consequences. In an August 1, 2014 memo to her colleagues, Senator Patty Murray, former Chair of the Senate Budget Committee, states that climate change will have serious ramifications for the United States economy and the federal budget and failure to confront it will make it harder to meet our country's long-term fiscal challenges.

City & State

Roundtable: Kathryn Garcia

Commissioner, New York City Sanitation Department

By City & State | Apr 29, 2015

Q: What have you been focusing on in your first year?

KG: Identifying ways to deliver our critical services faster and more equitably and preparing the agency to take the next step in terms of sustainability. We have expanded the NYC Organics Collection pilot and are developing plans to continue to grow that program. We have given focus to quality-of-life issues, including the successful removal of all illegally placed clothing bins on public property in the city. I am particularly proud of our snow fighting despite the relentless winter weather that included one of the coldest Februaries on record and a total of 25 different weather events. Our pilot of more efficient snow routing in Staten Island and Manhattan was a great success, and we will continue to expand this service to additional parts of the city going forward.

Q: What have you been doing to improve recycling rates? Has there been improvement?

KG: I try to look at each of the different components of the waste stream and develop a program for each one. For example, food scraps, yard waste and soiled paper make up roughly one-third of the material we collect. We currently offer curbside organics collection to more than 100,000 households. This spring we are expanding organics collection service to five additional neighborhoods in Brooklyn, Queens, Staten Island and the Bronx to serve a total of 133,000 households with nearly 340,000 residents. We are also working to expand the re-fashionNYC and e-cycleNYC programs, which allow residents to drop off unwanted clothing and electronics for reuse and recycling at no cost to the city.

Q: Has the city's new ban on throwing out electronics with normal trash caught on?

KG: The ban is actually the result of a law passed by the state in 2012 that took effect in January. The city carried out the ban earlier this year, but we issued warning stickers instead of tickets for the first three months.

Electronic waste, though a small portion of the overall waste stream, contains not only potentially hazardous materials like lead, mercury and cadmium, but also valuable and scarce

materials like aluminum, copper and gold. With the help of our electronics recycling partners, we have created the e-cycleNYC program to collect e-waste from apartment buildings with 10 or more units. New Yorkers can also drop off unwanted electronics at more than 95 locations in all five boroughs, and we are holding twice as many SAFE Disposal events this year as in past years. At our first event at Midland Beach, Staten Islanders dropped off more than double the amount of e-waste we collected at last year's event.

Q: How can the city ensure waste processing is distributed equitably throughout the city?

KG: Mayor Bill de Blasio has long supported a fair, sustainable five-borough plan for managing our solid waste. Last month, we opened the first of four converted marine transfer stations in College Point, Queens. Once fully operational, that MTS will accept more than 1,000 tons of waste per day that had previously been tipped at private transfer stations in Jamaica. As a result, this historically overburdened neighborhood may see the tons of waste and number of trucks cut in half. Three more MTSs are scheduled to open in the next three years, fully realizing the benefits in other overburdened communities. Full implementation of the plan will reduce the city's annual greenhouse gas emissions by 34,000 tons and truck travel on city streets by 5.7 million miles per year.

Q: How has the pilot program for converting food scraps into natural gas gone?

KG: The pilot for food waste processing at the Newtown Creek Wastewater Treatment Plant has been working well so far. We learned that the DEP's anaerobic digesters are not great at processing leafy or woody material, including the yard waste collected curbside in the NYC Organics pilot. However, they are great at converting food waste, especially from restaurants and other commercial kitchens, into clean, renewable natural gas. The city hopes to scale up the program over time, with the goal of taking 50 tons per day of food waste by the end of this year and ramping up to 250 tons per day over the next few years.

By City & State | Apr 29, 2015

Roundtable: Emily Lloyd

Commissioner, New York City Department of Environmental Protection

By City & State | Apr 29, 2015 |

Q: What have you been focusing on in terms of sustainability during your first 14 months?

EL: One of [the Department of Environmental Protection's] most important missions is ensuring an adequate supply of drinking water, and over the last decade, we have invested more than \$10 billion in our water supply infrastructure. We are also working to drive down the demand for water by investing in water-saving retrofits at city-owned properties and incentivizing upgrades and repairs in private residences and businesses.

Q: What will the future of sewer treatment plants look like? How are the city's plants evolving?

EL: DEP operates 14 wastewater treatment plants throughout the city that clean—on an average day—more than 1 billion gallons of wastewater. These plants consume a tremendous amount of electricity, and we are at the forefront of an industrywide movement to capture and optimize the energy-producing capabilities of the facilities. At the Newtown Creek plant, we are partnering with National Grid to purify the biogas byproduct into enough pipeline-quality natural gas to heat nearly 5,200 homes. We also have ongoing optimization projects in West Harlem and on Staten Island.

Q: What did the city learn from Superstorm Sandy and how has the city adjusted?

EL: When Sandy made landfall in the city, we had already begun drawing up plans to fortify our wastewater facilities. Resiliency measures have already been built into projects at the Gowanus and Manhattan pump stations, and will continue to be added at other facilities. Upstate, Sandy's strong winds meant waves piled up along the shore of one of our reservoirs and caused some erosion. We now regularly examine wind forecasts during extreme storms to ensure the protection of the water supply.

By City & State | Apr 29, 2015

Roundtable: Joe Martens

Commissioner, New York State Department of Environmental Conservation

Q: What are your thoughts on the recently passed state budget from an environmental standpoint?

JM: From an environmental perspective, the budget is exceptional. There were major reforms to the state's Brownfield Cleanup Program and a 10-year extension of the tax credits; a \$1 billion,

10-year extension for the state Superfund program; an expansion of the DEC's authority to use the state's oil spill fund for spill training and preparedness; an increase in oil spill staff and an increase in the fees on petroleum products; creation of a new Habitat Conservation and Access Account, which will leverage federal funds for management, protection and restoration of fish and wildlife habitat; \$200 million for a new municipal water and wastewater infrastructure grant program; \$5 million to undertake an assessment of nitrogen pollution in Long Island; a \$15 million increase in the Environmental Protection Fund; and a \$40 million NY Works capital appropriation that will provide the DEC funds to upgrade its facilities.

Q: What are the DEC's major initiatives in 2015?

JM: The DEC will focus on improving access to public lands; complete a major forest preserve acquisition in the Adirondacks; open a new Catskill Interpretive Center; initiate a pilot aquatic invasive species control program; and roll out several initiatives to improve the management of private forest lands.

Q: What are some of the longer-term environmental goals for New York?

JM: Longer-term goals include reduction in emission of greenhouse gasses, working with the EPA on compliance with the federal Clean Power Plan; working with communities and businesses on reducing solid waste; and making maximum use of renewable resources.

Parsippany plant is among first to make cleaning products with new Safer Choice label

For The Star-Ledger By Kimberly L. Jackson | For The Star-Ledger

April 30, 2015

What exactly does "green" mean when it comes to cleaning products?

That will be a bit easier to discern with the U.S. Environmental Protection Agency's new Safer Choice label, an indicator of eco-friendly ingredients. A laundry detergent made at a New Jersey manufacturing facility is among the first to be packaged with the new label.

The Safer Choice label is being compared to Energy Star as a product marker that will help consumers make environmentally friendly product choices.

Products with the Safer Choice label contain only EPA-approved ingredients determined to be less toxic to people and the planet. Label-bearing products must meet standards for performance, packaging, pH level and volatile organic compounds, which can sometimes lead to cancer.

Safer Choice is a redesign of the agency's previous Design for the Environment label, and behind the new look is a push to raise consumer awareness. More than 2,000 products are eligible to carry the label, but only about 700 of those are consumer products, according to the EPA. The bulk of compliant products are for industrial or institutional use.

Ecos Detergent.JPG

Ecos, a detergent made by Earth Friendly Products in Parsippany, is among the first products to bear the EPA's new Safer Choice label, which aims to make it easier for consumers to identify less-toxic cleaning products. (Andre Malok)

safer choice.JPG

According to EPA officials, at least 47 products made by Earth Friendly Products meet standards for the new Safer Choice label. Some of the company's products also carried the previous Design for the Environment label.

Andre Malok

The label was discussed late last month when EPA officials helped welcome to Parsippany the new 500,000-square-foot manufacturing facility of Earth Friendly Products. The company has products bearing the "Design for the Environment" label and its Ecos laundry detergent is the first to carry the new Safer Choice logo.

To be closer to its various markets, the California company has five U.S. manufacturing plants, the latest of which is producing more than 150 plant-based cleaning products in Parsippany.

EPA officials said 47 of the company's dye-free cleaning products, with names like Parsley Plus and Orange Plus, qualify for the label. Five of the company's products are listed on the EPA website along with other brands that qualify.

"We really want to serve as a sustainable business model for everyone," said Kelly Vlahakis-Hanks, Earth Friendly Products chief executive, said at the plant's grand opening. In a massive warehouse with huge vats for mixing up to 3,000 gallons of product, her message is on the wall: "Building a cleaner, safer future for families bottle by bottle."

Kelly_Vlahakis_Hanks_Earth_Friendly_Products_Parsippany.JPG/ Kelly Vlahakis-Hanks, Earth Friendly Products chief executive/ Andre Malok

The crews that fill, label and box those bottles are dressed in green shirts and brown khakis, recalling plants and soil in symbolic solidarity of purpose. Vlahakis-Hanks says each employee was given an extra paycheck in celebration of Earth Day, and that paying a minimum wage of \$17 per hour is part of what being socially and environmentally responsible means at the company. There are also incentives that encourage employees to move closer to the site and engage in eco-friendly practices away from work, she said.

Earth Friendly Products aims for zero waste. "People put something in the recycling bin, and they think it is gone," Vlahakis-Hanks says. While her products undoubtedly require tons of packaging, the goal is to "reduce, redesign, rethink," she says. Trigger sprayers were redesigned without metal springs so the packaging can proclaim "recyclable bottle and cap." And some products are sold as concentrates. By removing water, the packaged product shrinks in size and weight, requiring fewer resources and producing less waste.

In the company lab, product development chemist Jenna Arkin discusses how pH is measured for every product, helping to make them safe to be absorbed by human skin.

Earth Friendly Products relies on essential oils and other plant-based materials for household cleaning products made at the company's new Parsippany facility.

Andre Malok

Arkin says much of her work is exploring and attempting to mimic natural processes. The phosphate-free dishwashing liquid, for example, is inspired by the human stomach and how its enzymatic processes break down food.

"Nature has a lot of incredible ways of breaking things down," Arkin says. She goes through a list of ingredients including essential oils of plants and flowers. Cedar has anti-fungal properties, parsley breaks down molecules that cause odor, she notes. "Our products are like food -- some of them are actually food grade."

Such plant-based "green" products are often knocked as being too expensive, but Earth Friendly Products are sold at Whole Foods as well as Walmart. And Vlahakis-Hanks says the company relies on local services and ingredients made close to home. "We found that we could still get low prices by partnering with local suppliers."

NYT

New York Plan to Save Energy May Mean a Dimmer Skyline

By MATT FLEGENHEIMER

APRIL 29, 2015

Photo Lower Manhattan in December 2014. A proposed City Council bill would require thousands of buildings to reduce their lights overnight. Credit Todd Heisler/The New York Times

The Manhattan skyline — glimmering, grand but not always environmentally efficient — may need to go darker to go green.

Amid a far-reaching push to reduce New York's environmental footprint, city officials on Wednesday weighed a City Council bill to limit internal and external light use in many commercial buildings when empty at night, a change that could affect some 40,000 structures and rethink the shape, or at least the hue, of what residents see when they look up.

The environmental considerations are clear: reducing potentially wasteful energy use as part of the city's bid to curb its greenhouse gas emissions. The administration of Mayor Bill de Blasio has expressed support for passing a version of the bill, calling light pollution a citywide scourge for migratory birds and sedentary New Yorkers.

The hearing, accordingly, cast a wide net, touching on amphibious mating activity, the astrophysicist Neil deGrasse Tyson and even the very definition of nighttime. And it hinted at a host of complications in the proposed legislation, among them an exception for buildings found to be "a significant part of the city's skyline."

City officials expressed misgivings about playing favorites with cherished destinations, potentially empowering government workers to decide which structures were notable enough to stay lit.

"The mandate to curate, if you will, the skyline of the city of New York is not something the

commission does currently,” said Mark Silberman, general counsel for the city’s Landmarks Preservation Commission.

The proposal, he added, “does put the commission in a slightly uncomfortable position, perhaps, of choosing between landmarks.”

Councilman Donovan Richards Jr., the bill’s lead sponsor, joked that the change would “add excitement” to the lives of city regulators.

“We’re not looking for excitement,” Mr. Silberman said.

Some critics, including food industry and real estate leaders, worried that reduced lighting could affect safety.

“Security cameras would be useless in the dark, and police officers would no longer peek into darkened stores at night,” said Jay M. Peltz, general counsel for the Food Industry Alliance of New York State.

Administration officials said they shared concerns about maintaining adequate lighting to deter crime, suggesting that they would move to tweak the bill. It was not immediately clear how.

The bill does exempt buildings “where individuals are inside” at night, which would seem to apply to the many large office buildings that maintain a limited security presence or bring in cleaners overnight.

Other exemptions in the bill include a provision allowing “temporary seasonal displays” to remain illuminated in storefront windows.

Offending building operators could be fined \$1,000 for violating the lighting standards, according to the bill.

“Many of us have felt a sense of pride in its beauty,” one public speaker, Catherine Skopic, said of the skyline. “However, now that we are in this climate crisis, we see these lights as something else. We see them as wasteful of energy.”

The Real Estate Board of New York, which opposes the bill as written but says it shares many of its goals, argued that energy code changes had already ensured improved efficiency standards for skyscrapers in the coming years.

At times, the hearing veered into the stuff of middle school science textbooks — “animal activities that are regulated by the length of day include migration, hibernation and procreation,” Mr. Richards reported during an extended lament on light pollution’s effect on wildlife.

Artificial light can deter nesting female sea turtles, Mr. Richards noted, and interfere with the habits of hatchlings. Monarch butterflies grow disoriented. Male blackbirds fail to develop reproductive organs.

“Frogs stopped mating activity,” Mr. Richards said grimly at one point, “during night football games when lights from a nearby stadium increased sky glow.”

The hearing included a call-in from a former French environment minister, who required an in-house translator. Preliminary data, Mr. Richards said, showed a 9 percent reduction in energy use in France as a result of changes akin to his proposal.

Mr. Richards, a Queens Democrat, had seen the fruits of the French effort during a recent visit, he said, casting himself as an atypical tourist in the City of Light — the traveler eager to see less of it. “I traveled to Paris last year,” he said, “and I got to see lights off myself.”

NYT

California Governor Orders New Target for Emissions Cuts

By ADAM NAGOURNEY

APRIL 29, 2015

LOS ANGELES — Gov. Jerry Brown issued an executive order Wednesday sharply speeding up this state’s already ambitious program aimed at curbing greenhouse gas emissions, saying it was critical to address “an ever-growing threat” posed by global warming to the state’s economy and well-being.

The order, announced early Wednesday morning, was intended as a jolt to a landmark 2006 environmental law requiring an 80 percent cut in greenhouse gas reductions by 2050, compared with 1990. Under Mr. Brown’s order, the state would have to get halfway there — a 40 percent reduction — by 2030.

Mr. Brown said this tough new interim target was essential to prod the energy industry to act and to help the state make investment and regulatory decisions that would assure that goal was not missed.

Photo Traffic along Interstate 110 past downtown Los Angeles. An energy study projects a need for a sharp increase in the number of hybrid and zero-emission cars. Credit Kendrick brinson for The New York Times

The order is the latest effort by Mr. Brown to position California as a leading force in the world’s effort to address climate change — and position himself as a leader of that effort as he enters his final years in public office. It also is an aggressive turn in what already was one of the toughest programs in the nation aimed at reducing greenhouse gas emissions.

Photo Gov. Jerry Brown at an environmental conference Wednesday. Credit Ringo H.W. Chiu/Associated Press

Mr. Brown faulted Republicans in Congress for “pooh-poohing” the threat of global warming. He said that he wanted California to set an example for the rest of the country and the world on the urgency of responding to what he described as a slow-moving crisis.

“It’s a real test,” Mr. Brown, a Democrat, said in a speech at an environmental conference in downtown Los Angeles. “Not just for California, not just for America, but for the world. Can we

rise above the parochialisms, the ethnocentric perspectives, the immediacy of I-want-I-need, to a vision, a way of life, that is sustainable?”

Under the law put into place by Mr. Brown’s predecessor, Arnold Schwarzenegger, the state was required to reduce greenhouse gas emissions to 1990 levels by 2020 on the way to reach the 2050 target; California is already well on its way to meeting the 2020 goal, and may exceed it, officials said Thursday.

“With this order, California sets a very high bar for itself and other states and nations, but it’s one that must be reached — for this generation and generations to come,” Mr. Brown said. These efforts come as this state has been struggling with a drought that Mr. Brown has said is, at least in part, exacerbated by global warming.

The Parched West

Articles in this series will explore the impact of the drought that has hit states from the Pacific Coast to the Great Plains.

The governor’s speech, coming at a time when he has been trying to rally the state behind tough water conservation measures, was a reminder of the often conflicting demands of these twin challenges. Some of the central efforts proposed to alleviate the drought — including the building of desalination plants to make ocean water potable — are highly energy intensive.

The governor’s order did not give details of how the state would reach the new goals, though Mr. Brown in his speech here noted the success of the auto and energy industry so far in meeting the emission targets that the state has set over the years.

“We’re sending the signals to the private economy to create, to innovate, and to make the kind of response that will enable Californians to live in compatibility with the environment,” he said. “We can do it.”

Still, by any measure this will not be easy. A study by a consulting firm, Energy and Environmental Economics, and Lawrence Berkeley National Laboratory said that to cut emissions 26 percent to 38 percent by 2030, California would have to double the amount of energy efficiency in buildings and industry; ensure that 50 percent to 60 percent of electricity was from renewal sources, such as wind; and oversee a sharp increase in the number of hybrid and zero-emission cars.

The study projected that these policies would result in a net cost of \$14 a month per household. The projection takes into account sharp increases in the cost of fuels and investment in energy-saving technology, balanced off, for example, by the projected decline in demand for gasoline caused by an increased reliance on hybrid vehicles.

Republican lawmakers quickly denounced the order as a threat to the state’s economy at a time when California has been climbing out of a steep slump.

“These higher costs will hurt the low income and working poor the hardest and will create an even greater divide between the haves and have-nots,” said Bob Huff, the Senate Republican leader. “At what point does being on the leading edge of climate change and environmental reform impact our ability to create or sustain jobs?”

But Democratic lawmakers, who have been pushing through legislation intended to help achieve long-term cuts in emissions, applauded the governor's action. Kevin de Leon, the Democratic leader of the State Senate, said Mr. Brown's order exemplified "California's global leadership on climate change."

"We see the framework of a new economy for tomorrow," Mr. de Leon said in an interview. "And that's why it's critical that we move forward with these far-reaching and progressive policies. That is why the world is watching what we are doing here in California."

California's target reflects those set by other governments — including the European Union — ahead of the United Nations conference on climate change in Paris this year. Christiana Figueres, the executive secretary of the conference, issued a statement praising Mr. Brown's order.

"California's announcement is a realization and a determination that will gladly resonate with other inspiring actions within the United States and around the globe," she said. "It is yet another reason for optimism in advance of the U.N. climate conference in Paris in December."

Little Falls to use additional FEMA dollars for home elevations and acquisitions

APRIL 30, 2015

BY LINDSEY KELLEHER

PASSAIC VALLEY TODAY

LITTLE FALLS - The municipality needs about \$750,000 more in Federal Emergency Management Agency (FEMA) grant money to continue elevating homes under the township's Severe Repetitive Loss (SRL) 10 program.

During Monday night's Township Council meeting, officials introduced a bond ordinance that would provide a supplemental appropriation of \$750,000 for flood mitigation acquisition or reconstruction of residential homes in the Singac section of town that are part of the SRL 10 program.

A second reading and public hearing on the ordinance is scheduled for Monday, May 18, at 7 p.m., in the Little Falls municipal complex, 225 Main St.

The \$750,000 in additional grant money will be used for two acquisitions and two home elevations in the SRL 10 program.

FEMA money originally granted for the SRL 10 program was for acquisitions, explained business administrator Charles Cuccia during the meeting. The dynamic of the grant has since changed so now the money is for acquisitions and elevations. Little Falls asked FEMA to follow-up with the change in funding, which the agency is doing. Now township officials are authorizing the money FEMA plans to give the municipality, in addition to the funding the town has already received.

"Those things all had to happen formally in order to continue with the program," said Cuccia.

Cuccia also spoke about a FEMA report for the SRL 10 and 11 programs during the April 13 meeting.

Under the SRL 10 program, there were 20 home acquisitions of homes and 17 houses were acquired. The township hopes to acquire a home in the next quarter, and the remaining two houses in the program are pending funding and authorization.

Of the 20 acquisitions and 17 acquired homes, 17 have been demolished and 13 have either been or will be elevated, according to the report. Nine homes have either been elevated or are in the process of being elevated, the elevation of two homes is in progress, and two homes are pending funding so they can be elevated, said Cuccia.

Under the SRL 11 program, there have been 26 acquisitions, 15 homes acquired, and four homes are under contract, according to the report presented on April 13. Property owners for three of the homes are not interested and do not have flood insurance so the township will not be moving forward with them. Two other homes are in foreclosure so the township cannot move forward with them until the short sale process is completed.

Property owners for two other homes under this program want to move from acquisition to elevation.

"Regarding houses in foreclosure, can the prospective buyer of those properties opt to elevate?" asked a council member regarding the SRL 11 program.

Cuccia responded that it would depend on the property and the program the home is in and what the options are for that program.

In the township's HMGP program, there were 11 acquisitions and eight acquired homes, according to the FEMA report. One house is in negotiations and two homes did not want to be acquired. For the CDBG program, there are 14 acquisitions that are all pending approvals.

As of last October, Little Falls had bought out 32 homes and elevated five homes, Kristen Thatcher, a mitigation specialist with JSW & Associates, the township's flood mitigation services firm, told Passaic Valley Today. Last October, Thatcher said that several more are in the stages of being elevated. At the time, nearly 100 homes have been or are in the process of being mitigated. Thatcher could not be reached for comment as of press time for this story.

Rebidding on Home Elevations

Also during Monday's meeting, the council passed a resolution to rebid on the contract for elevating the homes at 10 Louis and 176 William Streets.

These elevation projects are being rebid on because their contracts weren't signed by the deadline.

Some of these homeowners expressed dissatisfaction with the elevation process.

"I'm hoping you find a way to get these funds," said Jennie Louie, who lives at 10 Louis St.

Louie is unhappy her home has not been elevated yet, and she expressed frustration about other residents getting more funding toward their homes that are halfway done being elevated.

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